

Message Text

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ACTION AF-04

INFO OCT-01 SS-14 ADP-00 PPT-02 SCA-01 L-02 CIAE-00 INR-10

NSAE-00 RSC-01 NSC-10 NSCE-00 TRSE-00 PM-03 DODE-00

OEP-01 EB-03 CIEP-01 RSR-01 /054 W
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P R 090755 Z MAY 73

FM AMEMBASSY TRIPOLI

TO SECSTATE WASHDC PRIORITY 0047

INFO AMEMBASSY TUNIS

C O N F I D E N T I A L TRIPOLI 0610

LIMDIS

E. O. 11652: GDS

TAGS: ENRG LY

SUBJECT: CHARGE MEETING WITH GLOSS MAY 8,

REF: TRIPOLI 0587

1. SUMMARY: GLOSS (AMOSEAS) CALLED ON CHARGE 8 MAY TO GIVE UPDATE ON PARTICIPATION, PARITY, PASSPORTS, AND COMMITTEES SITUATIONS. PARTICIPATION AND PARITY NEGOTIATIONS GOING ON AIR OUT CONCLUSIVE RESULTS. PASSPORTS SITUATION IMPROVED, BUT STILL UNCLEAR. COMMITTEES REMAIN SERIOUS PROBLEM, BUT GLOSS ASKED FOR GUIDANCE IN CASE LARG RAISED POLITICAL ISSUES. CHARGE SAID ONLY RESPONSE SHOULD BE TO REFER LARG TO USG FOR POLITICAL DISCUSSIONS. END SUMMARY.

2. SHAFER HAS HAD TWO INCONCLUSIVE SESSIONS WITH PETMIN MABRUK SINCE INITIAL JALLUD/ MABRUK SHAFER SESSION REPORTED REFTEL. SHAFER " FLOATING IDEAS" FOR MABRUK' S CONSIDERATION RATHER THAN ATTEMPTING FORMULATE CONCRETE OASIS GROUP POSITION ON PARTICIPATION. FOR EXAMPLE, HE ASKED MABRUK CONSIDER DISSOLUTION CURRENT OASIS ENTITY AND FORMATION " NEW OASIS" WHICH 100 PER
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CENT LIBYAN OWNED AND CONTROLLED BY BOARD OF DIRECTORS WITH 5/4 LIBYAN MAJORITY. COMPANIES' MINORITY ON BOARD WOULD HAVE TO BE " KEY" PERSONNEL, I. E. PRESIDENT, VICE PRESIDENT FOR PRODUCTION, CONTROLLER, ETC. SHAFER ALSO FLOATED IDEA THAT COMPENSATION BE IN FORM OF FREE OR TAX- PAID COST OIL FOR COMPANIES RATHER THAN CASH FOR NET BOOK VALUE. MABRUK DID NOT REJECT SHAFER'S " NEW OASIS" IDEAS, BUT WANTED NO PART OF FREE CRUDE FORMULA WHICH MIGHT GIVE COMPANIES BETTER DEAL THAN NET BOOK VALUE. MABRUK SAID LARG WOULD PAY NET BOOK VALUE AND THAT " CASH PAYMENT WAS NO PROBLEM".

3. GLOSS INTIMATED THAT OTHER COMPANIES, I. E. THE MAJORS, NOT REALLY HAPPY WITH SHAFER'S WILLINGNESS TALK ON BASIS LARG'S 3 POINT DEMAND FOR 100 PER CENT PARTICIPATION, NET BOOK COMPENSATION, AND COMPANIES PURCHASING CRUDE AT " WORLD MARKET PRICES". OTHER COMPANIES WOULD PREFER THAT INDUSTRY TAKE HARDER LINE AND RESIST LARG DEMAND. GLOSS SAYS HE BELIEVES THAT LARG RECOGNIZES THAT COMPANIES MUST HAVE " ECONOMIC COMPARABILITY" TO LAST DEALS WITH GULF PRODUCERS AND IRAN. HE THINKS LARG PREPARED ADJUST ITS DEMANDS TO PROVIDE COMPARABILITY. (THEY WOULD, OF COURSE, REQUIRE APPEARANCE OF RADICAL MOVE TO SATISFY LARG POLITICAL REQUIREMENT.)

4. GLOSS NOTED THAT MABRUK STATED HE RECOGNIZES DIFFERENT POSITIONS OF VARIOUS COMPANIES AND IS PREPARED TREAT THEM DIFFERENTLY. GLOSS SEES THIS AS RECOGNITION WIDE RANGE OF INVESTMENT: RESERVE RATIOS OF COMPANIES CURRENTLY OPERATING HERE. (IT MAY ALSO BE MOVE TO DIVIDE AND CONQUER.)

5. GLOSS HAD NO NEW INFORMATION ON OUTCOME OF PARITY TALKS. HE COMMENTED, HOWEVER, ON NEGOTIATING BEHAVIOR OF LARG, WHICH TENDS TO REACT TO OFFERS OF COMPROMISE POSITIONS BY COMPANIES WITH ESCALATION OF LARG DEMANDS. GLOSS SAID THAT, AT BEGINNING OF PARITY TALKS, LARG WAS ASKING ROUGHLY 11 (ELEVEN) PER CENT IN ADJUSTMENTS FOR DEVALUATION AS OPPOSED TO COMPANIES' ROUGHLY 3 (THREE) PER CENT. WHEN COMPANIES MOVED TO 5 (FIVE) PER CENT, LARG

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UPPED THE ANTE TO 20 (TWENTY) PER CENT.

6. GLOSS REPORTED SOME SUCCESS FROM SHAFER'S APPROACH TO MABRUK ON PASSPORT PROBLEM WHICH FOLLOWED LINES OF SHAFER'S PLAN PER REFTTEL,ADP041

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